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8 and somebody asked them to do something in December and it
 9 takes them a couple of months to get around to writing a
 10 letter. But be that as it may, I think I am ready to rule on a
 11 few things.

12 First, the application for an adjudication of contempt
 13 is denied. I think I have already made clear what I think
 14 about the Ernst & Young matter. I don't think that those
 15 actions violate the letter or, except in a very attenuated
 16 sense, the spirit of the Court's Order. What the Order
 17 enjoined was any effort to hinder or obstruct the arbitration,
 18 not, that is, not an anti-suit injunction that prohibits any
 19 party here or anybody else from undertaking other litigations.
 20 It is directed at efforts to interfere with the arbitration.

21 As to the allegation that Alpren, Altimor or Storm took
 22 action after the Court's order that would directly violate that
 23 order by taking steps to enforce the anti-arbitration orders of
 24 the Ukrainian court, I find that allegation unproven. There is
 25 no affirmative evidence that anyone took such an enforcement

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1 step after the Court's Order -- and by "anyone," I mean the
 2 counterclaim defendants and relief defendants. That any of
 3 those parties requested the Ukrainian authorities to take any
 4 enforcement steps after the Court's injunction was entered,
 5 there is nothing affirmative in the record evidencing such a
 6 request. It is apparently common ground, as Telenor's expert
 7 says, that such enforcement actions are not taken absent a
 8 request, at least in the first instance.

9 On the other hand, the record does contain evidence
 10 that a request was made at an earlier time, before the Court's
 11 injunction, and that could account for the actions that were
 12 taken by the various state agencies more recently, consistent
 13 with the opinions of Telenor's expert that a request is a
 14 prerequisite to such action. And there is certainly nothing
 15 strange in my view about state law enforcement agencies taking
 16 a while to get around to acting on such a request. So the
 17 timing of the request does not in my mind give rise to a
 18 persuasive inference that there must have been some more recent
 19 action on the part of Alpren or associated entities that
 20 produced this flurry of activity. So the contempt application
 21 is denied.

22 However, the Court has sua sponte raised, and
 23 Mr. Sills has endorsed, a question or request stimulated by the
 24 Court's suggestion that the original order should be modified
 25 to include or add a specific directive to the various enjoined

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1 parties to withdraw any requests for enforcement that had
 2 previously been made. I will take that under advisement.
 3 Mr. Rolfe suggested earlier in this proceeding that he
 4 was willing to or would talk to his client, and I suppose that,
 5 you know, I'll leave open whether Mr. Van Tol would do the same
 6 thing over the weekend to see whether they are willing to do
 7 that without a court order. If they were and if the various
 8 defendants -- I guess I would have to include all of them, the
 9 counterclaim and relief defendants -- if they all were to
 10 withdraw any such requests and document that to the Court, it

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11 would seem to me there is no further need for the Court to
 12 order them to do something that they had already done. If they
 13 are unwilling, then I guess I will have to decide whether such
 14 a supplementation or modification of the Court's order is
 15 required in order to accomplish the goals that the Court
 16 aspired to in entering its original application.

17 I don't think that that is precluded by any waiver on
 18 the part of Mr. Sills during the prior proceedings. What I
 19 think is at issue, certainly -- I'm sure that many things were
 20 said during the course of what were many arguments and a fairly
 21 extensive record, but I am very clear in my recollection of at
 22 least what the Court thought, perhaps mistakenly. What I
 23 believed was that it would take some affirmative action by one
 24 of the various counterclaim and the relief defendants to
 25 trigger any further enforcement action. I believed that that

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1 was the reason why Telenor was not seeking any further relief
 2 than a prospective order that the various relief and
 3 counterclaim defendants not in the future take such an action.

4 And, you know, I think that one can certainly find in
 5 the record references to the fact that such a request may
 6 already have been made. I'm quite sure that anyone looking at
 7 the overall record of those proceedings and the overall
 8 arguments that were made will confirm my recollection and my
 9 conclusion, that that was not the impression that the Court
 10 had. And so it seems to me that if it is necessary to
 11 accomplish what the Court set out to accomplish, it would be
 12 appropriate for the Court to make that modification.

13 What I will take under advisement and reflect on
 14 further, if it is necessary, if the various counterclaim and
 15 relief defendants are unwilling to make such a withdrawal
 16 request without the compulsion of an order, what I will be
 17 reflecting on is whether it is in fact in any way necessary to
 18 effectuate anything to make such an order. It is conceivable,
 19 arguments have been made, that it is not necessary because the
 20 arbitration has been adequately protected. There has been at
 21 least some suggestion made that the state authorities have done
 22 what they're going to do in response to the enforcement request
 23 and it's unlikely they'll do anything else absent further
 24 requests.

25 I don't know how I can rely on that. I don't know
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1 that there is any expert testimony to that effect, and
 2 certainly if Ukrainian law proceeds like American law, it would
 3 be reasonable for prosecutors to do, as Mr. Sills suggests,
 4 take a first step of one kind of sanction; if that doesn't
 5 work, escalate to other things, so long as the request to
 6 enforce has been made. But I don't know anything about
 7 Ukrainian law and I don't know what I can conclude from this
 8 record, so I will reflect further on that, if I need to. If
 9 the counterclaim and relief defendants are unwilling to
 10 withdraw their requests for enforcement, then I'll have to make
 11 a decision about that.

12 So I think the contempt matter is closed. The matter
 13 modifying the injunction remains open. I take it I will hear

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14 from Mr. Van Tol and Mr. Rolfe on Monday as to whether they
 15 think that anything that their clients are prepared to do moots
 16 that issue.

17 Now, the one thing that we have neglected is to set a
 18 schedule for proceeding with the underlying action in aid of
 19 which these various provisional orders -- provisional relief
 20 have been entered. And I remain a little confused about the
 21 procedural posture. I'm sure Mr. Rolfe thinks I'm even more
 22 confused than I think I am. This goes back to a question that
 23 Mr. Rolfe raised as an objection to the entry of the relief, of
 24 the temporary order back in December.

25 There was originally what brought us here is Storm.

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1 Storm brought an action in New York State Court seeking to
 2 vacate an order of the arbitral or an award of the arbitral
 3 tribunal dated whatever it was dated. All of this is in the
 4 form of, in effect, counterclaims and third-party claims made
 5 by Telenor in that proceeding. I, frankly, don't even remember
 6 at this point whether I have ruled in some authoritative way --
 7 I suspect I could not have ruled in an authoritative way -- on
 8 Storm's original application. Maybe I did.

9 With respect to the counterclaims and third-party
 10 claims, there remains, I suppose, some sort of question about
 11 whether a proper pleading has been filed. I think that's
 12 relatively technical and can be resolved if it needs to be
 13 resolved.

14 But in whatever form, the original defendant in this
 15 action, Telenor, has sought an anti-suit injunction, a
 16 permanent anti-suit injunction, against all of the parties
 17 named by it. And if I understand that application correctly,
 18 it is for different and broader relief than what the temporary
 19 preliminary injunction or temporary restraining order, or
 20 whatever it is, has granted.

21 The next step in that proceeding, which, as I said,
 22 nobody seemed very interested in from January through April, is
 23 the defendants to those claims make an answer or a motion or
 24 something, if they haven't already done so -- maybe they have.
 25 If issue is joined on it, we start with discovery and we

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1 proceed towards the resolution of that case. Yes?

2 MR. SILLS: I think that is exactly right, your Honor,
 3 because the permanent injunction is necessary to protect not
 4 only the arbitral process but the award and the enforcement.
 5 So it doesn't become moot once there is an award.

6 THE COURT: Right, you are asking for all of these
 7 people to be enjoined from filing any lawsuits anywhere on
 8 earth, or something like that. That's a complaint seeking an
 9 injunction with equitable relief from this court, and discovery
 10 needs to be taken and ultimately a trial had on those requests.

11 MR. ROLFE: The request, as I understood it, the
 12 permanent request, was to withdraw the pending actions. It
 13 wasn't not to do anything anywhere around the world. That's
 14 why I think we need a complaint.

15 THE COURT: That's probably right. I think there
 16 needs to be a clear document, if there isn't already. I'm not

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17 prejudging this. I haven't gone back and looked at what
 18 exactly was filed. But it certainly does seem appropriate that
 19 there be a clear pleading setting forth the factual basis of
 20 what is requested by way of permanent relief and the usual
 21 wherefore or whereas or whatever comes at the end that tells
 22 you what relief is being sought. So, you know, maybe,
 23 Mr. Sills, you think you have already done that, I don't know.
 24 I hope I don't have to adjudicate anything about that. If
 25 something clearer, amended, whatever is desired, I think it
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1 would be useful to have such a clear document.
 2 MR. SILLS: Your Honor, rather than provoking another
 3 round of motion practice before your Honor, we are happy to
 4 file a pleading --
 5 THE COURT: They may like motion practice. Once they
 6 see exactly what you are asking, they might move to dismiss, or
 7 something like that, when that happens.
 8 MR. SILLS: We are happy to do that, your Honor.
 9 THE COURT: OK.
 10 MR. VAN TOL: Your Honor, on vacatur, I guess there is
 11 a bit of procedural confusion because that was vacatur of an
 12 interim order.
 13 THE COURT: Yes.
 14 MR. VAN TOL: So I would think that once there is a
 15 final order we may be back before your Honor on battling
 16 petitions to confirm and vacate. I think that is over and done
 17 with on the interim order. So I think we are OK proceeding
 18 with just that prong of Mr. Sills' request.
 19 THE COURT: I think that's the way I see it because,
 20 after all, if I remember correctly, the interim order is now
 21 sort of moot.
 22 MR. VAN TOL: It was on jurisdiction, yes, your Honor.
 23 THE COURT: So, yes, some day, I take it -- and God
 24 help me, I assume it will be before me as a related case if it
 25 is not part of this case by then -- the arbitrators will enter
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1 some kind of award, and then one of you folks is going to be
 2 arguing that I should confirm it and the other that I
 3 shouldn't.
 4 MR. VAN TOL: And just so record is clear, your Honor,
 5 because the record does get cited back against us, I'm
 6 reserving our rights to argue jurisdictional points at that
 7 time when there is a final award. In other words, when I said
 8 it's done, in other words, our debate over the interim order is
 9 done, but we must reserve our rights to object to jurisdiction.
 10 THE COURT: Right. I think that is right.
 11 MR. VAN TOL: OK.
 12 THE COURT: I think the thing that is mooted or
 13 resolved is the interim award to the extent it is an interim
 14 measure, but I don't think at this point that that precludes
 15 anybody from making any arguments that are to be made once the
 16 arbitrators rule. Of course, they may rule for you, in which
 17 case you may not be so eager to say they didn't have
 18 jurisdiction. Just as you folks might some day, or might not,
 19 get on the same page about whether you were wrong to bring this

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20 thing here in the first place because Mr. Rolfe thinks that I
 21 never had jurisdiction and maybe -- I guess you didn't bring it
 22 here in the first place, but at least you didn't argue that it
 23 shouldn't be removed.

24 All that stuff is water under the bridge. We are now
 25 going on to deal with the underlying action.

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1 Mr. Sills, I assume this pleading document is going to
 2 be filed reasonably soon. I don't think I need to worry about
 3 what the other side is going to do. I think we can proceed
 4 with any discovery, whether they move to dismiss or answer or
 5 do whatever you do with whatever pleading you file. So I guess
 6 what I am thinking is -- I don't know how long it will take to
 7 do the discovery on this matter. Certainly an awful lot of
 8 information has been exchanged. On the other hand, it's also
 9 clear that there are deep factual disputes that could be much
 10 aided by deposing various parties and trying to find out what
 11 people did or didn't do.

12 MR. ROLFE: A problem that I raise, an issue, is the
 13 fact that we still contest personal jurisdiction.

14 THE COURT: Mm-hmm.

15 MR. ROLFE: The Court has ruled against us on that,
 16 but that issue is now up in the Court of Appeals.

17 THE COURT: Mm-hmm.

18 MR. ROLFE: And I don't want to waive my personal
 19 jurisdiction argument by participating on the merits in this
 20 lawsuit.

21 THE COURT: Well, Mr. Rolfe, I mean, look, you know,
 22 I'm happy, within reason, to do what you want me to do.

23 I'm not trying to put you in a hard place, I
 24 appreciate you may be in a hard place. The Telenor parties
 25 might be perfectly, happy having gotten some preliminary

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1 relief, to just sit on it. They're, in effect, a plaintiff who
 2 has got a useful court order of an interim nature. I don't
 3 know that Mr. Sills is jumping up and down saying let's do
 4 discovery and proceed to get me my broader permanent
 5 injunction.

6 MR. ROLFE: Maybe we should talk about it.

7 THE COURT: But you have a right, it seems to me, to
 8 pursue a further adjudication because you presumably don't want
 9 to sit forever under a preliminary order of some sort that you
 10 think is wrongful, and maybe it will be determined to be
 11 wrongful when we have a trial on the merits.

12 But I don't think you can have it both ways in the
 13 sense that if you want not to go forward because you hope and
 14 expect the Court of Appeals to rule in your favor and throw out
 15 this action for lack of personal jurisdiction and you fear that
 16 proceeding with discovery will somehow compromise that, well, I
 17 appreciate the dilemma, but I don't know that you can
 18 simultaneously do all these things on all these fronts.

19 You have to decide. If you want to say please suspend
 20 going forward with discovery, please don't make me file an
 21 answer or any further motions -- but maybe a further motion
 22 would be fine because you will make a personal jurisdiction

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23 motion -- then if you want to, you know, suspend going forward
24 with discovery while the Court of Appeals acts or while you
25 file a personal jurisdiction motion, I'm not saying you can't

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1 do that, and I don't hear Mr. Sills saying, my God, we need to
2 move ahead and force this guy to do something. It is up to
3 you.

4 MR. ROLFE: Let me consult. Let me talk to Mr. Sills
5 and see if we can work something out.

6 THE COURT: OK. Let's see what you can work out and
7 whether there is indeed a desire to move forward expeditiously.
8 I stand prepared to move forward expeditiously if the parties
9 or, for that matter, if either party wants me to and if it is
10 appropriate to do so, but, you know, we will abide that event.

11 So I will hear from Mr. Rolfe and Mr. Van Tol Monday
12 as to whether I need to think further or not think further
13 about modifying the preliminary order, and I will hear in due
14 course -- presumably later than Monday because it might be a
15 more complicated decision -- whether and on what schedule we're
16 going to proceed with the underlying action.

17 But the one thing that's exempt from that is, so that
18 we don't find ourselves back into this same debate in four
19 weeks or a month or six weeks or two months, Mr. Sills will
20 file a, whatever it will be called, amended counterclaim,
21 pleading, or whatever, to make clear exactly what is being
22 sought and on exactly what basis it has a claim against Alpen,
23 Altimo and Storm.

24 And I think that reaches results, no doubt
25 unsatisfactory to many of you, on everything that is pending

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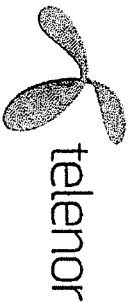
1 before me at this moment, and everyone can go forth and have a
2 nice weekend. Thank you.

3 MR. VAN TOL: Thank you, your Honor.

4 MR. SILLS: Thank you, your Honor.

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Tab B



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Press releases

Telenor, 21 march, 2007

Accounting treatment of Kyivstar in the 2006 Annual Report

(Fornebu/Norway, 21 March 2007) Telenor's Board of Directors today decided to deconsolidate Kyivstar and to present Telenor's interests in the company in one line, as an investment in the 2006 Annual Report. Telenor owns 56.5 per cent of Kyivstar. The Board will next week consider Telenor's 2006 Annual Report in its entirety.

The Alfa Group affiliate Storm LLC, owning 43.5 per cent of Kyivstar, has persistently boycotted Kyivstar's shareholder and Board meetings for the past two years. As a result, there has not been a valid quorum at either shareholder meetings or Board meetings in Kyivstar for the whole of 2006. Telenor has nevertheless remained in control of the operations in Kyivstar throughout the period up to 29 December 2006.

Alfa Group affiliates, Storm and Alpen, commenced legal actions in Ukrainian courts in late December 2006 and in January and February 2007 disputing Kyivstar's authority to appoint auditors. These actions have led to injunctions purporting to prohibit Kyivstar's management from providing financial information to Kyivstar's international auditors and shareholders, including Telenor. The injunctions also purport to prohibit the use of financial information already provided by Kyivstar, and to prohibit Kyivstar and Telenor's auditors from carrying out any audit work in relation to Kyivstar's year-end IFRS financial statements. A third injunction purports to prohibit Kyivstar from disseminating any financial information that has not been approved by Kyivstar's board or shareholders, and to prohibit anyone from using any such financial information in their consolidated accounts.

Telenor is contesting these actions in the context of its ongoing arbitration proceedings in New York, as well as, to the extent permitted by the Kyivstar shareholders agreement, by seeking alternative legal redress.

Although Telenor is attempting to remedy the situation, the injunctions at present prevent Telenor from controlling or exercising significant influence over Kyivstar. Accordingly, Telenor's Board of Directors has decided to temporarily deconsolidate Kyivstar in Telenor's accounts with effect from 29 December 2006, and present the majority stake in one line as an investment. Kyivstar has been consolidated in the income statement up to 29 December 2006. Telenor's auditor has informed Telenor that, since they have been prevented from

carrying out audit work in relation to Kyivstar's year-end financial information, their audit report for the Telenor Group will contain a scope limitation in respect to Kyivstar's financial information. The entire Annual Report for 2006 will be considered by the Board of Directors next week.

Adjustment of outlook 2007:

Assuming that Kyivstar is reported as a deconsolidated operation throughout 2007, we expect reported revenue growth of 0-5 per cent, a reported EBITDA margin before other income and expenses of around 32 per cent and CAPEX/Sales at around 20 per cent.

The reason for lowering the revenue and EBITDA expectations is that Kyivstar is included in the 2006 numbers but not included in the outlook for 2007. For 2006, Kyivstar reported revenues of NOK 10 956 million and an EBITDA margin of 59.5 per cent.

When adjusting for Kyivstar numbers in 2006, the revenue growth is expected to be 15-20%.

For further details related to the outlook for 2007, see Telenor's Q4 report.

Conference call

There will be a conference call today, Wednesday 21 March at 18:00 CET . The call will be conducted in English. Participants will be given the opportunity to ask questions after a short introduction by CFO Trond Westlie.

To participate in the conference call, please register well in advance by calling (+47) 800 80 119 (from Norway) or (+47) 23 00 04 00 (from Norway or abroad).

Contact:

Media:
Dag Melgaard, Vice President, Corporate Communications, tel +47 901 92 000
Email: dag.melgaard@telenor.com

Tab C

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At 3:29PM ET: **54.34**

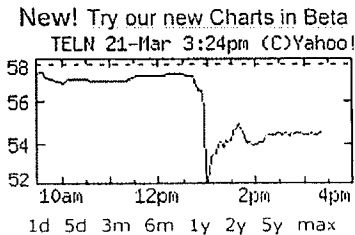


Streaming Quotes: ?

TELENOR ASA ADS (NasdaqGS:TELN) Delayed quote data

Edit

Last Trade: 54.34	Day's Range: 51.58 - 57.47
Trade Time: 3:29PM ET	52wk Range: 32.26 - 65.75
Change: ↓ 3.41 (5.90%)	Volume: 325,153
Prev Close: 57.75	Avg Vol (3m): 107,575
Open: 57.30	Market Cap: 30.44B
Bid: 54.35 x 300	P/E (ttm): 11.79
Ask: 54.41 x 200	EPS (ttm): 4.61
1y Target Est: 67.25	Div & Yield: N/A (N/A)



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HEADLINES

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- UPDATE - Telenor cuts 2007 outlook due to Kyivstar row
at **Reuters** (Wed 2:54pm)
- Kyivstar may not meet eurobond covenants - Telenor
at **Reuters** (Wed 2:00pm)
- Telenor says Kyivstar operations unhurt by row
at **Reuters** (Wed 1:38pm)
- [\$\$] Malaysia Telecom Licensing Shuns Big Firms
at **The Wall Street Journal Online** (Sun, Mar 18)
- [\$\$] Nordic Telecoms Place Bets On Broadband TV Service
at **The Wall Street Journal Online** (Tue, Mar 13)
- [\$\$] Telenor Says Russian Foe Has Run Smear Campaign
at **The Wall Street Journal Online** (Tue, Mar 13)
- Consortium Wins Montenegro License Bid
AP (Tue, Mar 13)
- Telenor Satellite Services Agrees to Extend Iridium Quality of Service Offer
Business Wire (Tue, Mar 13)
- UPDATE - Alfa raises Vimpelcom stake to almost 40 pct

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KEY STATISTICS

Forward P/E (1 yr):	11.44
P/S (ttm):	2.18
Dividend Date:	15-Jun-06
Ex-Dividend Date:	04-May-04

[More Key Statistics...](#)

Tab D



Dresdner Bank Aktiengesellschaft
Theodor-Heuss-Allee 44-46
D-60486 Frankfurt am Main
Germany

Attention: EG Debt Transaction

Fax: 0049 69 713 25002

19 March 2007

DRESDNER BANK AKTIENGESELLSCHAFT

7.75% Loan Participation Notes due 2012 (the "2012 Notes") and 10.375 % Notes due 2009 (the "2009 Notes" and, together with the 2012 Notes, the "Notes") issued for the purpose of funding loans to

CLOSED JOINT STOCK COMPANY KYIVSTAR GSM ("Kyivstar")

Dear Sirs,

Reference is made to the respective loan agreements related to the respective Notes referred to above. We hereby notify you, and request that you notify holders of the Notes, that Kyivstar has been served with an injunction issued by the Kyiv City Commercial Court upon the application of a subsidiary of the Alfa Group, one of the two principal shareholder groups of Kyivstar. Subsidiaries of Telenor S.A. comprise the other principal shareholder group of Kyivstar. Pursuant to the court order, Kyivstar has been enjoined from making available, to any third party in any way whatsoever, any financial or other reports or any information relating to the financial or business activities of Kyivstar. This injunction, which may remain effective until the dispute is resolved, follows another recent injunction obtained by the Alfa Group subsidiary to prevent Kyivstar from entering into any audit services agreements and from re-appointing its independent auditor on the grounds that the Kyivstar Board of Directors had not approved the re-appointment. In order to convene a Board meeting, the attendance by representatives of both shareholder groups is required, and recently, the Alfa Group representatives have not attended Board meetings at which such appointment could be approved.

As a result of these injunctions, Kyivstar currently believes that it may not be able to comply with the covenants relating to the outstanding Notes under which it is obligated to deliver certain annual and quarterly financial information.

Kyivstar is currently undertaking all reasonable measures to resolve the situation

Respectfully,

CLOSED JOINT STOCK COMPANY "KYIVSTAR" G.S.M.

By: 

Name: Igor Lytovchenko Title:
President and Chief Executive Officer

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Customer care:
24, Sichnevero Povstannya St.,
Kyiv, 01010
tel.: + 380 44 466 0 466
www.kyivstar.net
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Tab E

**STANDARD
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PRESS RELEASE

Ratings On Kyivstar Remain Unchanged Despite Ongoing Possibility Of Covenant Breach

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**RatingsDirect
Publication Date**

March 23, 2007

LONDON (Standard & Poor's) March 23, 2007—Standard & Poor's Ratings Services said today that its ratings and outlook on Ukraine-based mobile telecommunications operator CJSC Kyivstar GSM (BB-/Stable/—) remain unchanged despite the ongoing possibility that the company might breach an information covenant of its Eurobonds.

The covenant requires the company to provide full audited results for the previous fiscal year no later than April 30. Kyivstar might be prevented from doing so by a recent court injunction that has been issued by the Kyiv City Commercial Court upon the application of a subsidiary of the Alfa Group, one of the two principal shareholder groups of Kyivstar. The court injunction seeks to prevent Kyivstar from providing further financial information.

A breach of the covenant is defined as an event of default, which would allow bondholders to seek repayment of the bonds and interest following a remedy period of 30 consecutive calendar days. If the covenant was breached, Standard & Poor's considers that investors may not have a strong incentive to force repayment of the bonds, given the level at which the bonds are trading. If the repayment of all or a substantial part of Kyivstar's outstanding debt was accelerated by investors, however, we believe Kyivstar's liquidity to be largely sufficient to fund back the debt given on-balance-sheet cash and cash equivalents of \$473 million at Sept. 30, 2006, and the company's ongoing free cash flow generation and market performance. The company's management has also indicated its willingness and ability to continue making interest payments. The company had total unadjusted debt of \$510 million at Sept. 30, 2006.

We are concerned, however, that the quality of information we receive from Kyivstar will rapidly

Ratings On Kyivstar Remain Unchanged Despite Ongoing Possibility Of Covenant Breach

decline due to the court injunction. As a result we will suspend our ratings on Kyivstar if the company cannot provide adequate financial and operating information. This suspension will likely occur by the end of the remedy period.

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Moody's puts Kyivstar on review for possible downgrade Page 1/6

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David G. Staples	Julia Pribytkova
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Moody's puts Kyivstar on review for possible downgrade due to potential failure to provide financial information.

London, 29 March 2007 -- Moody's Investors Service today put Kyivstar's ("Ba3" corporate family rating, Positive Outlook) on review for possible downgrade following the public disclosure of the injunction issued by

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Moody's puts Kyivstar on review for possible downgrade
the Kyiv City Commercial Court, prohibiting the company from making any
of its financial or other reports and information relating to the
financial or business activities available to any third parties. The
injunction was made on the application of Storm, the Ukrainian subsidiary
of Altime (Alfa Group), one of the two principal shareholders of the
company. Kyivstar is contesting the actions, however the outcome and its
timing remain uncertain. Page 2/6

While closely monitoring the situation, Moody's is currently assessing
the company's position in light of uncertainty following the injunction
and potential implications of the inadequate presentation of the
information to market participants.

Kyivstar G.S.M. Joint Stock Company is the largest wireless
telecommunication operator in Ukraine with a subscriber share of 44.7% as
at 30 September 2006, US\$ 1.234 billion in revenues and US\$ 752 million
in reported EBITDA for the first nine months of 2006. Operational since
1997, Kyivstar has focused on Ukraine alone, and had 17.7 million
subscribers and over 97% population network coverage as at 30 September
2006.

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Moody's puts Kyivstar on review for possible downgrade

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Moody's puts Kyivstar on review for possible downgrade Page 4/6
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Tab G

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19 meeting, but do you have approval of the
20 a budget for 2007?

21 THE WITNESS: No.

22 ARBITRATOR JENTES: And no
23 external financing plan approved for
24 2007?

25 THE WITNESS: No, no.

□

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1 Moland - Direct

2 ARBITRATOR JENTES: What about
3 the labor contract, is that also not
4 approved or it has been approved?

5 THE WITNESS: That has created a
6 lot of problems. Because the expat
7 contracts, the non-Ukrainian part of
8 management, their appointment and
9 contract should be also approved by the
10 board. And impact also the shareholders
11 meeting.

12 BY MR. MUSOFF:

13 Q. I think following up on
14 Mr. Jentes' question, what is your
15 understanding of whether Telenor is able to
16 consolidate the finance with Kyivstar?

17 A. We're able to consolidate.

18 Q. What is your understanding as to
19 whether there's been a challenge to that by
20 Storm?

21 A. Yes. There has been an attempt
Page 121

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22 where they have argued that we have not -- we
23 are not able to consolidate things.

24 Q. And you also mentioned earlier, I
25 believe, about the capital structure of

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1 Moland - Direct
2 Kyivstar. Can you explain a little bit more
3 about the issues you see with the capital
4 structure of Kyivstar going forward?

5 A. Yes. While the problem back in
6 2002 was that the company needed money to
7 expand the business. Now, going forward, the
8 company has been a money machine. They are
9 making a lot of money. And they have to have
10 the money in Ukrainian banks. So we believe
11 that there is a huge financial risk attached
12 to this. And the natural thing -- thing
13 would have been that the owners should have
14 taken the money and given them back to the
15 shareholders. So we have -- we have a
16 capital structure that is not good.

17 ARBITRATOR JENTES: If I may, let
18 me continue, just because I want pursue
19 this a little bit further.

20 In terms of complying with United
21 States laws, particularly those relating
22 to the Securities and Exchange
23 Commission, are there impediments to
24 doing that, as a result of this current

47108

25 blockage by the Storm and the Alfa

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1 Moland - Direct

2 people?

3 THE WITNESS: Yes.

4 ARBITRATOR JENTES: would you
5 explain what that is?

6 THE WITNESS: I can explain that.
7 I will mention two things. One is that
8 Alfa has made an attempt to stop
9 Kyivstar from implementing these
10 procedures set by the American
11 authorities.

12 The second is that when this has
13 been done, to make Kyivstar do all the
14 hard work that it is to implement this
15 new routines has proved to be very
16 difficult. Telenor has to a great
17 extent had to pay consultants for doing
18 this. And I'm not sure that Telenor is
19 going to comply fully with -- with
20 requirements set by American
21 authorities, as a result of this -- this
22 problems in Kyivstar. Of course, that
23 could also harm Telenor's shareholders.

24 ARBITRATOR JENTES: Right. And
25 you're listed in the United States?

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1 Moland - Direct
2 THE WITNESS: Yes.
3 ARBITRATOR JENTES: And what's
4 the listing?
5 THE WITNESS: It's on NASDAQ.
6 ARBITRATOR JENTES: This is who's
7 listing?
8 THE WITNESS: Telenor ASA. ASA.
9 ARBITRATOR CRAIG: This is
10 Telenor that's being listed, not
11 Kyivstar.
12 ARBITRATOR JENTES: I know that.
13 I just want to have him state on the
14 record what it is. So it's Telenor ASA.
15 And what problems do you see that
16 the whole situation with Kyivstar and
17 storm, et cetera, has for Telenor with
18 NASDAQ?
19 THE WITNESS: well, it's not
20 problems with NASDAQ. It's within the
21 SEC.
22 ARBITRATOR JENTES: Okay.
23 THE WITNESS: If it turns out
24 that -- that Kyivstar should not be able
25 to fulfill all the requirements from

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1 Moland - Direct

47108

2 SEC, Telenor would have to say to -- to
3 say to the -- to the SEC that we are not
4 able to do that.

5 ARBITRATOR JENTES: Okay. And
6 that, in turn, would have impacts on
7 your NASDAQ listing?

8 THE WITNESS: Yeah. On the share
9 price, yeah.

10 ARBITRATOR CRAIG: But when we
11 talk about SEC requirements, are we
12 talking about Sarbanes-Oxley
13 specifically?

14 THE WITNESS: Yes, it is
15 Sarbanes-Oxley. That's the part of it
16 that's difficult when it comes to --
17 to -- to have financial control over it
18 and internal control over everything.

19 ARBITRATOR CRAIG: Right.

20 THE WITNESS: To do -- to do all
21 the work that this requires is very
22 difficult in Kyivstar because of the
23 present situation. And for Telenor it's
24 a goal to be -- to be among, so to say,
25 the top ranking list of companies. And

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1 Moland - Direct
2 fulfill all requirements. If Kyivstar
3 should be the thing that -- that makes
4 Telenor not able to fulfill it, it would

47108

5 be important.

6 ARBITRATOR CRAIG: Does Telenor
7 have operations in other countries?

8 THE WITNESS: Oh, yes. Many
9 countries.

10 ARBITRATOR CRAIG: Are there any
11 other countries that you're having
12 difficulty implementing Sarbanes-Oxley?

13 THE WITNESS: I think it's fair
14 to say that Kyivstar is the country
15 where it is most difficult to do it.

16 ARBITRATOR CRAIG: Well, my
17 question is, are there other countries,
18 though, where you've had difficulty?

19 THE WITNESS: well, we have
20 difficult, yes, but they are much easier
21 to -- to solve.

22 ARBITRATOR JENTES: To deal with?

23 THE WITNESS: To deal with than
24 in Kyivstar. I think it's difficult
25 also in Norway.

□

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1 Moland - Direct

2 THE CHAIRMAN: You mean the
3 United States instead of Kyivstar? You
4 mean the United States? It's difficult
5 to deal with the regulatory --

6 THE WITNESS: No, no. It's
7 difficult to have Kyivstar implementing

8 the American rules. 47108

9 ARBITRATOR CRAIG: Some would say
10 it's difficult here, too.

11 THE CHAIRMAN: Any other
12 questions?

13 MR. SILLS: Yes. I just want to
14 follow up on that line of questioning,
15 on the consolidation issue.

16 DIRECT EXAMINATION

17 BY MR. SILLS:

18 Q. Do you know whether or not Alfa
19 has attacked the right of Telenor to
20 consolidate Kyivstar's results on its books?

21 A. Yes. I know they have tried to
22 do that.

23 Q. And do you know whether or not
24 they've communicated directly with Telenor's
25 outside auditors raising this question?

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1 Moland - Direct

2 A. I think they have, yes.

3 Q. And have they also written to the
4 Telenor board of directors?

5 A. Yes. That's right.

6 Q. And have they issued press
7 releases challenging Telenor's right to
8 consolidate?

9 A. That's right.

10 Q. Can you think of any legitimate

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11 business reason Alfa would have to be
12 interested in Telenor's accounting practices?

13 A. No. It's part of the same game
14 they are seeking.

15 THE CHAIRMAN: Okay. One final
16 question. Did you say, I believe an
17 hour ago or more, that this dispute has
18 risen to the level of the prime
19 ministers of Norway and the Ukraine
20 discussing this dispute among
21 themselves?

22 THE WITNESS: No. Not this
23 dispute. But the court order in Ukraine
24 saying that Telenor is forbidden from --
25 from coming here and using this panel.

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1 Moland - Direct
2 That's a thing that is a potential
3 threat both to Norwegian citizens,
4 Telenor employees in the Ukraine, and
5 also to Telenor's values.

6 THE CHAIRMAN: And the prime
7 ministers have discussed this?

8 THE WITNESS: Yes. The Norwegian
9 prime minister has brought -- brought
10 Ukraine prime minister's attention to
11 this.

12 THE CHAIRMAN: Thank you very
13 much. Thank you for coming here today.